Corporate Shared Services Project Authorization Form

Date Prepared: 8/16/2021	Project Title: CT Residential Renewable EnergyTariff Program
Company/Companies: Eversource: CL&P	Project ID Number:
Organization: Rates & Regulatory	Plant Class/(F.P.Type): Software & Hardware
Project Initiator: [redacted]	Project Type: Specific Project
Project Manager(s): [redacted]	Capital Investment Part of Original Operating Plan? N
Project Sponsors: [redacted]	O&M Expenses Part of the Original Operating Plan? Y
Estimated in service date(s): 1/1/2022	Transfer of Funds Request: N
Total Request: Approval is requested to develop the infrastructure to implement the CT Residential Renewable EnergyTariff and provide incentive payments. The total program cost is anticipated to reach approximately $1.37B with full cost recovery though the NBFMCC.	Emergency Related Request: N

Project Authorization

Project Authorization Forms must be completed for Corporate Shared Services projects totaling $500K or greater in accordance with the Project Authorization Policy and approval levels in the Delegation of Authority Policy (DOA).

If Subsidiary Board approval is required (Corporate Shared Services capital projects > $15M), document the review by Enterprise Risk Management (ERM) and Financial Planning and Analysis (FP&A) (attach email approval).

ERM: Not required because the capital spend is not above the threshold. Sub Board approval will be obtained in accordance with the policy

FP&A: [redacted] Reviewed as part of Sub Board preparation

If this is a Transfer of Funds Request Vice President of Financial Planning and Analysis approval is required. If the Vice President of Financial Planning and Analysis deems appropriate, additional approvals may also be required (see page 7 of the Project Authorization Policy – Project Approval is not Transferable for further detail):

Date of Approval
CFO:_N/A_____

Other:_____

Documentation /
Explanation:_____

Executive Summary

The CT Residential Renewable Energy Tariff Program establishes a statewide incentive program to encourage the continued use of renewable energy technologies by residential electric customers. The program is legislatively authorized to enroll customers from January 1, 2022 through December 31, 2027. Each enrolled customer will receive benefits under the Tariff for 20 years. The program is anticipated to support between 50 and 60MW of new projects across all CT Electric Distribution Companies (EDCs) per year. Based on historical adoption in Eversource territory the Company anticipates supporting approximately 37 MW of new renewable energy projects, or about 5,000 customers, per year.[1]

The CT Residential Tariff Program ("Program") was authorized pursuant to Section 3 of Public Act 19-35 "An Act Concerning A Green Economy and Environmental Protection," and codified in § 16-244z of the General Statutes of Connecticut. The requirements of the program were established by the Public Utilities Regulatory Authority ("PURA") in Docket 20-07-01. A Final Decision was issued in Docket 20-07-01 on February 10, 2021 which established the program structure. The goal of the program is primarily to maintain solar industry growth at the expiration of the Residential Solar Investment Program administered by the Connecticut Green Bank. Both the statute and the Final Decision establish the basis for cost recovery by the EDCs through a non-bypassable fully reconciling component of electric rates.

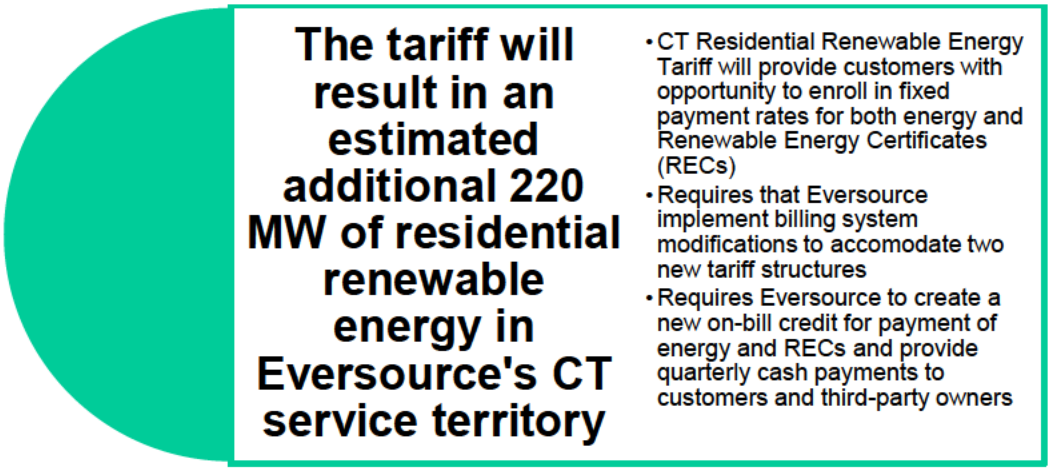
The Program requires Eversource to integrate applications for the Residential Renewable Energy Tariff into the existing distributed generation interconnection application process, review and approve applications for the tariff and enroll customers into one of two tariff structures, each of which require significant billing system modifications to accommodate. Furthermore, the Company must build and maintain a public facing website that provides information on the residential tariff program, act as a central point of contact for applicants, and retain secure records which meet security and customer protection requirements.

Costs for the CT Residential Renewable Energy Tariff Program will be recovered in part through a Customer application fee to offset the cost of program administration and meter fees to offset the cost of installing the required customer meters. All remaining costs, including incentive payments, will be recovered via a non-bypassable fully reconciling charge applied to all customers. Cost categories will include customer awareness, incremental program administration, billing system modifications, metering/meter data management, and customer payments in the form of on-bill credits and cash payments.

Depending on the project's chosen tariff structure and ownership model, the Company will provide a combination of monthly on-bill credits and quarterly cash payments to third-party system owners and/or customers enrolled in the program for 20 years. These costs will account for the majority of the recoverable expenses ($1.33B of the total program spend of $1.37B) in the program. PURA has not yet established program incentive rates, as such all cost estimates are based on best available current information, however these estimates may change substantially based on future PURA decisions.

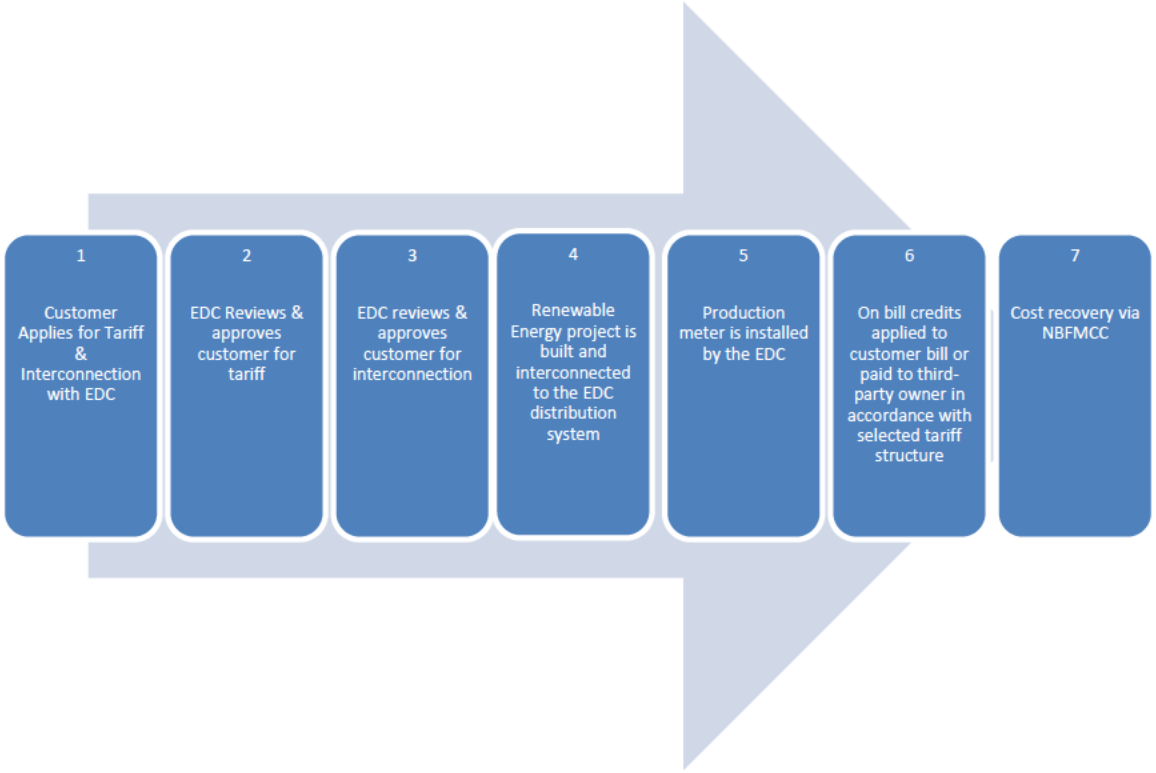
[1] Assumes average residential solar PV system size of 8kW.

The subsequent tables show the high-level Program Summary for Eversource:



	Base Estimates
PV Installed MW	220 MW over 6 years
Payment Vendor	$11.5M over 20 years, dependent on customer volume.
Billing System Modifications to accommodate tariffs	$2.3M
Incremental FTEs (including tariff Program Manager, Program Analysts, Billing Analysts & Meter Engineer)	$27.9M over 20 years
Incentive Payment Estimate	$1.33B over 20 years

In addition, the picture below illustrates the overall program processes:



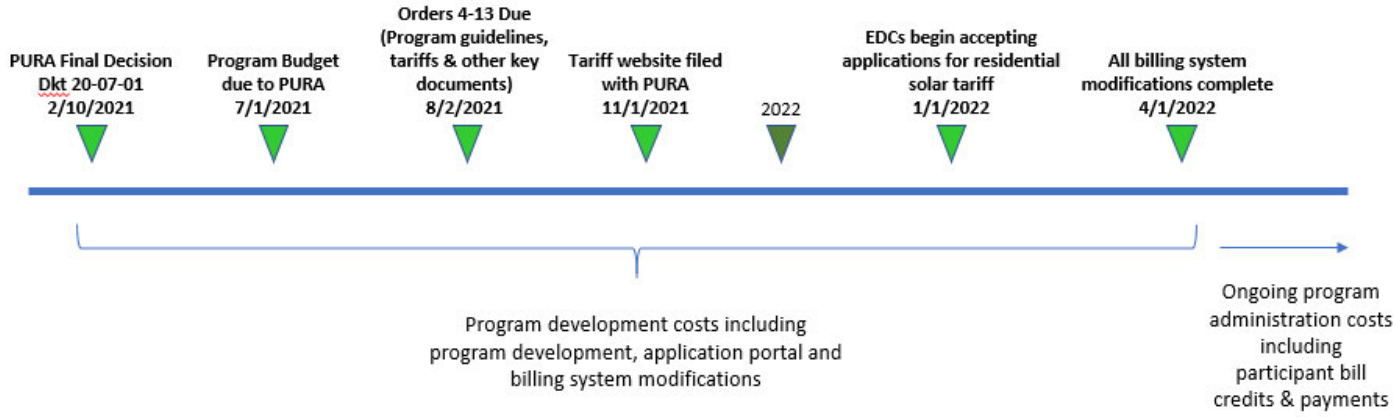
Project Costs Summary

The **tables below show the latest estimate of program costs** identifying capital costs, O&M and fuel costs (energy credit, incentives). The first table is by Spend Type and the second table is Account Type. The IT costs and Meter/Installation Costs will be treated as Capital. The financial costs will be updated based on PURA's final established pricing for the buy all tariff and REC prices.

The table below sorts the costs into capital, fuel and O&M Costs:

Budget	2021	2022	2023	2024	2025	2026	2027	2028-2047	Total
Operations & Maintenance									
Program Administration (incremental FTEs)	$ 240,408	$ 828,789	$ 983,534	$ 1,013,040	$ 1,043,431	$ 1,074,734	$ 1,106,976	$ 21,604,785	$ 27,895,695
Other Administrative Expenses	$ 80,000	$ 125,000	$ 150,000	$ 250,000	$ 350,000	$ 450,000	$ 550,000	$ 9,650,000	$ 11,605,000
Website Modifications	$ 25,000	$ 125,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 150,000
Customer Application Fees	$ -	$ (322,500)	$ (645,000)	$ (645,000)	$ (645,000)	$ (645,000)	$ (645,000)	$ -	$ (3,547,500)
Total O&M	**$ 345,408**	**$ 756,289**	**$ 488,534**	**$ 618,040**	**$ 748,431**	**$ 879,734**	**$ 1,011,976**	**$ 31,254,785**	**$ 36,103,195**
Capital Costs									
Billing System Upgrades	$ 756,000	$ 1,528,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,284,000
Meters & Installation	$ -	$ 700,000	$ 1,400,000	$ 1,400,000	$ 1,400,000	$ 1,400,000	$ 1,400,000	$ -	$ 7,700,000
Customer Meter Fees	$ -	$ (700,000)	$ (1,400,000)	$ (1,400,000)	$ (1,400,000)	$ (1,400,000)	$ (1,400,000)	$ -	$ (7,700,000)
Total Capital	**$ 756,000**	**$ 1,528,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,284,000**
Incentives and Payments (Fuel)									
Buy All Tariff Payments	$ -	$ 3,971,280	$ 11,754,990	$ 19,227,351	$ 26,400,817	$ 33,287,345	$ 39,898,412	$ 728,189,515	$ 862,729,710
Netting Tariff Payments	$ -	$ 2,144,409	$ 6,347,451	$ 10,382,372	$ 14,255,895	$ 17,104,163	$ 20,708,815	$ 393,207,272	$ 464,150,377
Total Incentives and Payments	**$ -**	**$ 6,115,689**	**$ 18,102,441**	**$ 29,609,722**	**$ 40,656,712**	**$ 50,391,508**	**$ 60,607,227**	**$ 1,121,396,787**	**$ 1,326,880,087**
Total Program Costs	**$ 1,101,408**	**$ 8,399,978**	**$ 18,590,974**	**$ 30,227,762**	**$ 41,405,143**	**$ 51,271,242**	**$ 61,619,203**	**$ 1,152,651,572**	**$ 1,365,267,282**

The table below provides an initial timing estimate of the 2021-2022 Impacts. The majority of program development costs will be incurred in this timeframe. Costs after 4/1/2022 will primarily consist of O&M and incentive payments.



Financial Impacts	2021-2022 Program Summary
Revenues	Cost Recovery via annual NBFMCC Filing for costs incurred in 2021. Program Application Fees to offset administrative expense begin in 2022. Remaining costs recovered via NBFMCC.
Expenses (billing system modifications, program administration and Year 1 incentive payments)	$9.5M
Cost Mitigation	Costs limited to program budget filed with PURA
Regulatory Recovery	Cost recovery via NBFMCC
Regulatory Review	Standard annual regulatory recovery process
FTEs	5.6 FTEs (Program Manager with Director support, 4 new hire support staff and partial meter engineer)

Accounting

All O&M charges will be captured in a new Regulatory Tracker (Line of Business 12125) classified as Tracked Distribution.

Expenses will be recorded to their appropriate FERC accounts and deferred for recovery by Regulatory Accounting. Recovery will be requested in the NBFMCC charge on customer bills, and any difference between actual revenues and expenses incurred will be trued-up in a future NBFMCC rate.

The eligible project costs will be capitalized; once in service, the capital additions revenue requirements will be recovered in the NBFMCC.

Overall Justification:

Project Need Statement

The newly mandated CT Residential Renewable Energy Tariff Program will succeed the existing Green Bank operated Residential Solar Investment Program (RSIP) and Eversource-operated retail net metering tariff:

Existing RSIP and Net Metering Programs:

- The existing Connecticut solar incentive programs has met its installed capacity limit and is coming to an end;
- The RSIP provided high value incentives to residential solar generators. At the close of the program the RSIP provided incentives ranging from $.358/W for homeowner-owned systems to $0.03-$0.073/kWh for third-party owned systems paid over 6 years;
- In return for the incentives the Connecticut Green Bank owns all Renewable Energy Credits ("RECs") generated by the system;
- Customers are also paid for the energy that the solar unit generates through a separate net metering transaction.

New Ct. Residential Renewable Energy Tariff Program:

- Ct. Legislation enacted in 2019 provided the authority for the PURA to create a new incentive program that would replace net metering and continue to incentivize residential renewable energy development at the expiration of the RSIP;
- The statute establishes the framework for a tariff to purchase of both RECs and Energy from qualified residential renewable energy generation units. Eversource has been an active stakeholder, along with United Illuminating and other stakeholders in the development of the tariff structure and programmatic details included in PURA's final decision in Docket 20-07-01.

In order implement the project the following services/areas at Eversource will be impacted:

Eversource Departments	Services Provided	Internal / 3rd Party
Meter Operations	Provide Production Meters (includes installation, reading, data storage and transfer)	Internal
DG Interconnections	Interconnection Agreements and processes to Interconnect renewable energy units	Internal
Customer Solar Program	Program management including application review, customer education, incentive payment processing and customer service	Internal
Customer Billing	Provide bill credits to customers in C2 and provide production data to Customer Solar Program team for incentive payments	Internal
IT / Billing System	Modification of C2 and other systems to accommodate new tariff structure.	Internal IT capital vendor assistance
Regulatory	Tariff Filing and Cost Recovery	Internal

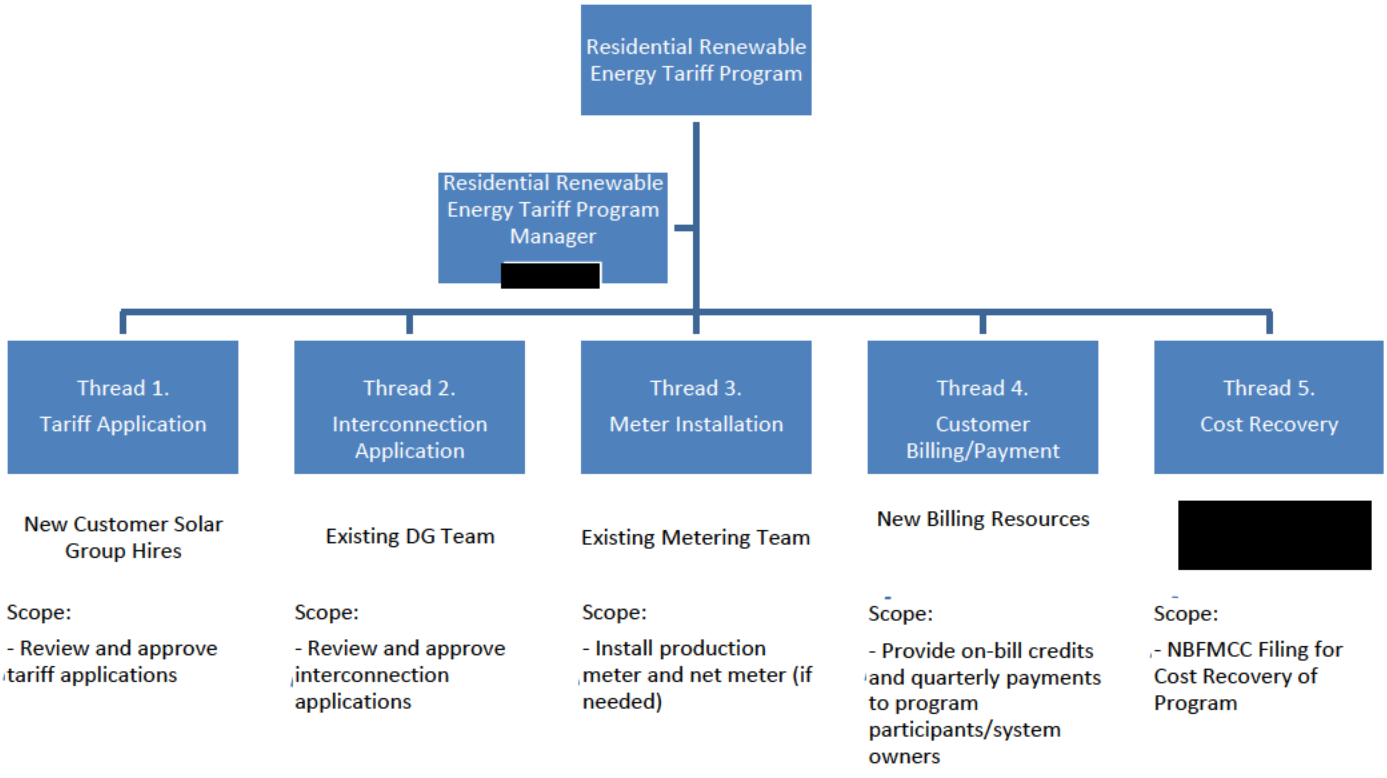
Background / Justification

The initiatives within the proposed project scope are designed to address the regulatory requirements to provide eligible Connecticut customers a renewable energy tariff. This will include work effort from all the areas described above.

Governance:

The following table summary summarizes the Governance that has been established. Hannah Savage will be the Program Manager with support from [redacted] and [redacted]. Steering Committee presentations for program updates and key decisions will be held periodically.

Please reference Page 9 for a chart of the governance that has been established:



Business Process and / or Technical Improvements:

This project will require enhancements to the billing systems (C2) to provide bill credits for both the "buy all" tariff structure and the "monthly netting" tariff structure, as well as to accommodate quarterly payments to third party system owners. The project also requires modifications to Eversource's PowerClerk Interconnection portal to accept applications for the residential renewable energy tariff.

Asset Retirement Obligation (ARO) and/or Environmental Cleanup Costs (Environmental Liabilities):
N/A

Project Schedule

Key Milestones	Deliverables
1/20/2021 Residential Renewable Energy Tariff Interim Decision issued by PURA	• Establishes Program Requirement's and PURA Orders for Program Implementation
7/1/2021 Order 2 due	• Program Budget due to PURA
8/2/2021 Orders 4-16 due	• Program guidelines and other key program documents due to PURA
1/1/2022 EDCs begin accepting applications for residential renewable energy tariff	• All modifications to interconnection application portal (i.e. PowerClerk) complete
4/1/2021 EDCs begin administering tariff payments	• All billing system modifications complete • EDCs begin tracking customer payments for regulatory cost recovery

Regulatory Approvals

This project has been approved by the Connecticut Public Utilities Regulatory Authority (PURA).

Risks and Risk Mitigation Plans

Risk Statement	Risk Effect if Realized (in terms of cost, schedule and performance)	Mitigation Courses of Action of Mitigation Plan	Likelihood	Impact
Cost Recovery	Pre-approval to recover costs not granted. All cost recovery requires post-expenditure prudence review by PURA.	Minimize work performed to essential tasks • Limited IT work for essential tasks • Minimize assignment of incremental internal labor assigned to program. • Ensure appropriate expense tracking and clear segmentation of costs.	Low	Moderate
PURA Revision to Program Structure	PURA may choose to further revise the program structure after costs have been incurred to implement the original program structure	Clearly document all ongoing activities and ensure they are related to specific PURA guidance.	Moderate	Low

APPENDIX

IT / Billing System Modifications -

The Customer Solar Group will be responsible for reviewing and approving applications for the residential tariff and distributing "buy-all" and "netting" tariff credits to customer bills as well as cash-out payments to participating customers and system owners. Both the netting tariff and the buy-all tariff will require system changes to C2. IT has estimated that implementing this would take approximately 9 months to complete, and the IT costs are estimated at $2.3M.

IT Project Scope

The scope of the system changes being implemented in this project includes:

- Modifications of C2 to implement a "Buy All" residential renewable tariff as ordered by PURA by April 1, 2022
- Modifications of C2 to implement a "Netting" tariff as ordered by PURA by April 1, 2022
- Implementation of appropriate reports to allow for quarterly payment of cash incentives to participating customers and/or system owners.
- Implementation of appropriate reports to allow for annual and service termination cash out payments to participating customers and/or system owners.

The following items will be done without the need for information technology modifications to C2 or related systems:

1. Issuance of annual and service termination cash-out payments and quarterly cash incentive payments
2. Eversource.com website modifications to assist customers with program participation.
3. Modifications to the CT Powerclerk system to allow installers to apply for the new tariffs on behalf of customers and generally orchestrate the interconnection process. This can be accomplished via the use of business configurable parameters.
4. Sharing of production data with state agencies.
5. Management of inbound customer inquiries to the Renewables team about the program.